

## Message Text

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63

ACTION EB-11

INFO OCT-01 EUR-25 IO-13 AGR-20 CEA-02 CIAE-00 COME-00

DODE-00 FRB-02 H-02 INR-10 INT-08 L-03 LAB-06 NSAE-00

NSC-10 PA-03 RSC-01 AID-20 CIEP-02 SS-15 STR-08

TAR-02 TRSE-00 USIA-12 PRS-01 OMB-01 RSR-01 ADP-00

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R 261730 Z JUN 73

FM AMEMBASSY BONN

TO SECSTATE WASHDC 5923

INFO AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY ROME

AMEMBASSY PARIS

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY THE HAGUE

USMISSION EC BRUSSELS

USMISSION GENEVA

USMISSION OECD PARIS

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PASS AGRICULTURE FOR IOANES

E. O. 11652: GDS

TAGS: EAGR: GW

SUBJECT: AGRICULTURAL POLICY DISCUSSIONS

REF: ( A) BONN 8996; ( B) BONN 9074; ( C) BONN 8722

1. IN A MEETING ON JUNE 25, UNDER SECRETARY ROHR OF THE AGRICULTURE  
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MINISTRY EXPRESSED TO THE AGATTACHE HIS CONCERN THAT WORLD GRAIN PRICES SOON MAY EXCEED EEC LEVELS. HE CITED " OPEN" DEMAND FOR US GRAIN AS BEING SO SUBSTANTIAL THAT IT MAY CAUSE A NEW ROUND OF SPECULATIVE PRICE INCREASES; ALSO THAT THE UNITED STATES MIGHT INITIATE EXPORT CONTROLS. IN CASE PRICES SURPASS EC THRESHOLD LEVELS ROHR SEES THE CLEAR POSSIBILITY THAT EXPORT LEVIS WILL BE APPLIED.

2. REGARDING 24.6 NEGOTIATIONS, THE UNDER SECRETARY WAS GUARDED AND PESSIMISTIC BUT WAS NOT INCLINED TO EXPLAIN. AT THE ATTACHE' S REQUEST, HE AGREED TO DISCUSS FURTHER WITH MINISTRY STAFF REGARDING POSSIBLE ACTIONS THAT GERMANY MIGHT TAKE A MOVE THE NEGOTIATIONS AHEAD. END SUMMARY.

3. IN THE GRAINS PRICE SECTOR, ROHR WAS WORRIED THAT WORLD PRICES MIGHT SOON EXCEED EEC LEVELS. IN FACT, THE ATTACHE POINTED OUT THAT HAD DOLLAR EXCHANGE RATES NOT DECLINED FROM ABOUT 3.17 TO 2.55 DM PER DOLLAR DURING THE PAST YEAR, THERE WOULD BE NO IMPORT LEVY AT PRESENT, BASIS US CORN. ACCORDING TO ROHR THERE IS A CLEAR POSSIBILITY THAT IF WORLD PRICES SURPASS EEC LEVELS, THE COMMUNITY MAY APPLY AN EXPORT LEVY. THIS WOULD EFFECTIVELY INSULATE COMMUNITY PRICES NOT ONLY FROM LOW WORLD LEVELS, BUT ALSO FROM HIGH TO THE EXTENT THE COMMUNITY IS ABLE TO CONTROL.

4. RE 24.6: ROHR WAS RELUCTANT TO DISCUSS IN DETAIL BUT REFERRED TO PROSPECTS AS QUOTE BAD UNQUOTE WITHOUT ELABORATING. THE ATTACHE ONCE AGAIN REFERRED TO RECENT DISCUSSIONS BETWEEN AMBASSADOR MALMGREN AND PIRKMAYR ON THIS SUBJECT AND STRESSED THE IMPORTANCE OF FINDING A SOLUTION AND WINDING UP THE NEGOTIATIONS BY THE END OF JULY. ROHR AGREED TO CHECK WITH PIRKMAYR AND LOOK FURTHER INTO THE MATTER, BUT, JUDGING FROM HIS PESSIMISM, THE FRENCH EVIDENTLY EXTRATED SOME SUPPORT.

5. REGARDING MTN, ROHR EXPLAINED THAT THE FRENCH CONTEND ANYTHING DEALING WITH THE CAP ITSELF, INCLUDING PRICES AND METHODS OF PROTECTION IS PURELY AN INNER EEC MATTER AND NOT SUBJECT TO GATT NEGOTIATION. AMONG ITEMS WHICH HE UNDERSTANDS THE FRENCH DO CONSIDER NEGOTIABLE ARE DUTIES PER SE, INCLUDING DUTIES ON MANUFACTURED AGRICULTURAL PRODUCTS, STORAGE AGREEMENTS, DEVELOPMENT ASSISTANCE, AND WORLD COMMODITY AGREEMENTS. HE ADDED THAT THE GRAIN PORTION OF, FOR EXAMPLE, A MEAT LEVY CALCULATION WOULD NOT REPEAT NOT BE NEGOLIMITED OFFICIAL USE

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TIABLE IN THE FRAMEWORK OF A PROCESSED AGRICULTURAL PRODUCT.

6. THE UNDER SECRETARY APOLOGIZED FOR HIS RELATIVELY LONG DELAY IN FORMULATING A FIRM PROPOSAL REGARDING DISCUSSIONS BETWEEN MINISTRY OFFICIALS AND US COUNTERPARTS AND OTHERS ( SEE REFTEL C). HE SOLITICED THE ATTACHE' S CONTINUING ASSISTANCE IN DEVELOPING SUCH A PROGRAM, INCLUDING DISCUSSION TOPICS AND GERMAN TEAM MEMBERSHIP.

7. EMBASSY COMMENT: IN FURTHER CONVERSATIONS WITH FRAU DR. HOFF-MANN, THE ATTACHE LEARNED THAT THE SUBJECT OF TEAM MEMBERSHIP IS STILL IN CONSIDERABLE FLUX. PRINCIPAL CONSIDERATIONS SEEM TO FAVOR REDUCING THE SIZE OF THE GROUP AND POSSIBLY ITS LEADERSHIP. DR. WITTIG REPORTEDLY FEELS THAT, IF THE GROUP IS TO BE REDUCED IN MEMBERSHIP, ASSISTANT SECRETARY PIRKMAYR SHOULD BE ITS LEADER. IN THIS CASE THE TEAM MIGHT CONSIST OF PIRKMAYR, BURKHARD, FLORIAN, AND EISENKRAEMER. THIS COULD HAVE SOME ADVANTAGES FOR US PURPOSES SINCE PIRKMAYR IS RESPONSIBLE FOR INTERNATIONAL AGRICULTURAL

PLICY QUESTIONS AND RELATIONSHIPS, WHEREAS WITTIG'S REPLACEMENT WOULD BE FLORIAN, WHO IS RESPONSIBLE FOR COMMODITY MARKETS UNDER WITTIG AND IS ESPECIALLY STRONG IN GRAINS. HILLENBRAND

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\*\*\* Current Classification \*\*\* LIMITED OFFICIAL USE

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COPENHAGEN  
DUBLIN  
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LONDON  
LUXEMBOURG  
PARIS

ROME

SECSTATE WASHDC

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